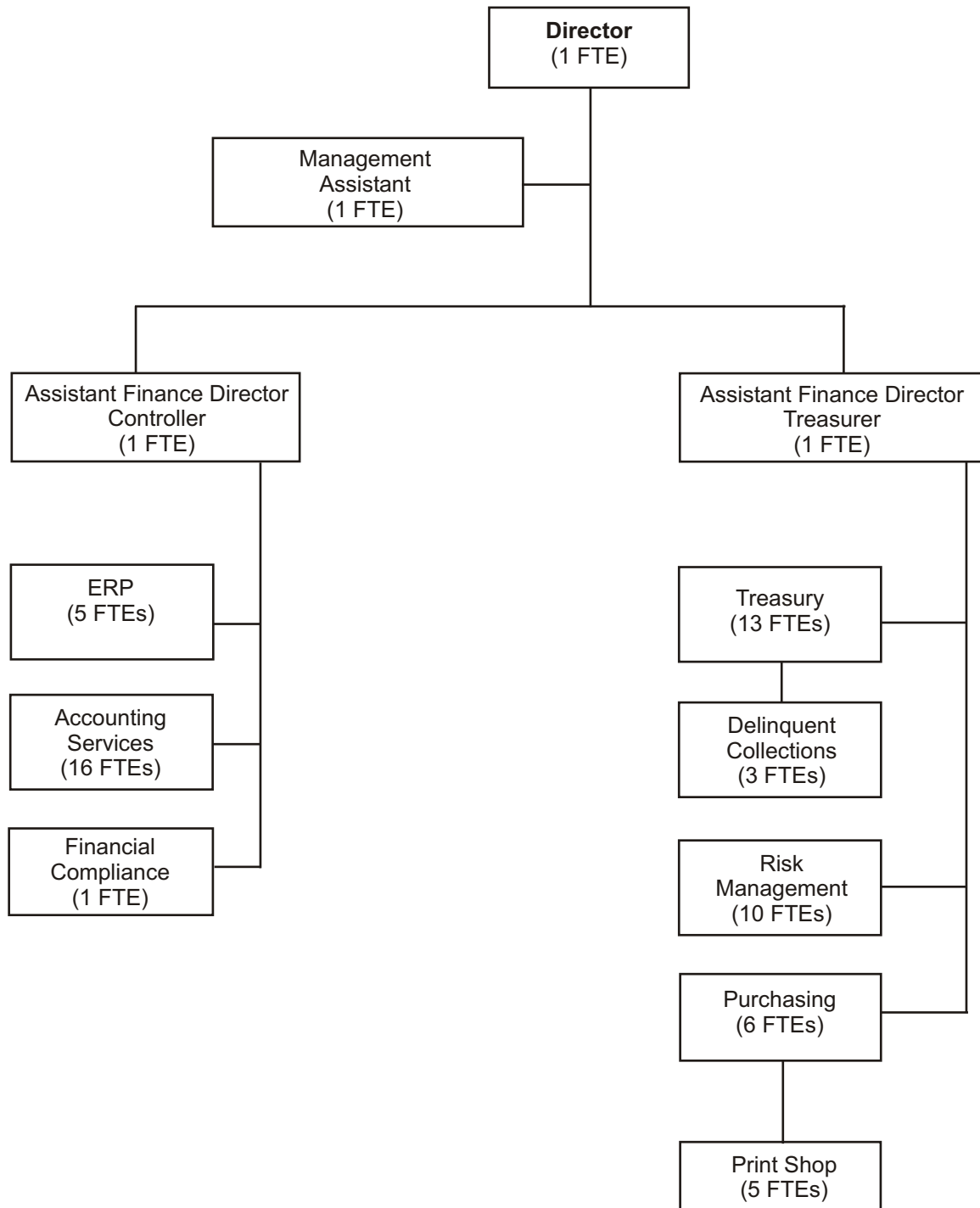




# Finance

( 63 FTEs )



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## FINANCE

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**Mission:**

To protect the City's assets, efficiently process and record financial transactions, enhance fiscal integrity, provide timely, accurate and comprehensive financial reporting and analysis, and to professionally and prudently enhance the City's financial position.

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### PROGRAM DESCRIPTION

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**Office of the Director****\$428,746****4 FTEs**

The Office of the Director is the primary advisor to the City Manager, City Council and Departments in the areas of: financial planning, investments, debt management, financial reporting, purchasing, collections, risk control and risk financing. The office also provides leadership in the development and implementation of City-wide financial policies.

**Accounting****\$991,046****16 FTEs**

This program provides two primary functions: accounting operations and financial reporting. The accounting operations function is responsible for accounts payable, accounts receivable, payroll administration and maintenance of the City's financial information system. The financial reporting function is responsible for preparing the annual audited financial report, coordinating the annual audit conducted by external certified public accountants, preparing monthly financial statements, and preparing special reports and analysis.

**Financial Compliance****\$58,846****1 FTE**

This function ensures that contracts and change orders are properly executed in accordance with State Statutes and City codes. This program was also intended to provide financial review of grants received by the City and loans made by the City to identify compliance issues and assisting in the fulfillment of financial requirements. These functions have been absorbed by the Accounting Division.

**Purchasing****\$522,978****11 FTEs**

This program prepares bid specifications and solicits bids for supplies, services, and equipment for all City departments. All bid solicitation and awards are done in compliance with the state statutes and also City's Small and Disadvantaged Business Enterprise Ordinance. Also included in this program is the management of the City's telephone services, and the sale or transfer of surplus equipment and material. The City Print Shop also falls under this division. The Print Shop provides duplicating, printing and mail services for the City.

**Risk Management****\$876,792****10 FTEs**

The function of this program is to protect the City's assets from loss through the identification, control, and financing of various operational and professional lines of risks. This is carried out by a risk control and risk financing function. Risk control encompasses employee health services, safety and loss prevention and claims administration. Risk financing includes purchase of insurance (with the exception of health), self insurance and review of contracts for transfer of City's risk.

**Treasury****\$1,969,003****16 FTEs**

The Treasury program includes cash, portfolio, and debt management and banking services. The cash management program is responsible for forecasting, collecting all the revenues due to the City and monitoring the tax collection contract. This program also issues the business licenses for the City. Portfolio management includes investing the City's idle funds and also monitoring contracts with external money managers. Debt management program includes approval, and issuance of all the City's debt instruments. Banking services for the City are also coordinated through this program. Some of these activities are funded through the Water and Sewer fund. Employees in the delinquent accounts unit are responsible for collecting past due bills owed to the City.

**ERP (Enterprise Resources Planning)****\$1,230,115****5 FTEs**

Implementation of the ERP system is currently scheduled to be completed by September of 2005. The Enterprise Resource Planning Project will be the Finance Department's primary focus for next fiscal year. The ERP Project will provide the basis for process improvement and efficiency measures for all finance, human resources and billing operations currently performed by the City.

**RESOURCE ALLOCATION**

|                           | Actual<br>FY 2002-03 | Adopted<br>FY 2003-04 | Estimated<br>FY 2003-04 | Adopted<br>FY2004-05 | Change  |
|---------------------------|----------------------|-----------------------|-------------------------|----------------------|---------|
| Appropriations            |                      |                       |                         |                      |         |
| Personal Services         | \$ 3,783,963         | \$ 3,994,983          | \$ 3,801,633            | \$ 3,624,040         | -9.29%  |
| Operating                 | 1,949,756            | 2,175,038             | 2,171,108               | 2,060,486            | -5.27%  |
| Debt Service              | -                    | 502,914               | -                       | 385,000              | -23.45% |
| Capital                   | 9,294                | 8,000                 | -                       | 8,000                | 0.0%    |
| Total Appropriations      | \$ 5,743,013         | \$ 6,680,935          | \$ 5,972,741            | \$ 6,077,526         | -9.03%  |
| Full Time Equivalents     | 92                   | 86                    | 86                      | 63                   | (23)    |
| Revenues                  |                      |                       |                         |                      |         |
| General Fund              |                      |                       |                         |                      |         |
| Discretionary             | \$ 3,776,633         | \$ 4,856,663          | \$ 4,176,323            | \$ 5,576,171         | 14.81%  |
| Program                   | 240,338              | 257,030               | 257,030                 | 257,030              | 0.0%    |
| General Fund              | \$ 4,016,971         | \$ 5,113,693          | \$ 4,433,353            | \$ 5,833,201         | 14.07%  |
| Water & Sewer Fund        | 1,654,412            | 1,567,242             | 1,539,388               | 244,325              | -84.41% |
| Solid Waste Disposal Fund | 71,630               | -                     | -                       | -                    | -       |
| Total Revenues            | \$ 5,743,013         | \$ 6,680,935          | \$ 5,972,741            | \$ 6,077,526         | -9.03%  |

**BUDGET ISSUES FOR FY 2004-05**

- The implementation of the Enterprise Resource Planning System will require five full-time personnel. In addition a significant amount of existing staff time will be dedicated to the implementation effort. At its peak the project will be using as much as 20 FTEs from existing personnel in the Finance, Technology Solutions and Human Resources departments. This dedication of labor will require strategic backfilling of some positions in order to avoid major disruptions in normal workflow. A considerable amount of effort will be spent in adopting best practices and managing the organizational change process.
- The Accounting, Treasury and Purchasing Divisions will be actively working on implementation tasks for ERP throughout the year. Finance will be taking a lead role, along with Human Resources and Technology Solutions, in managing the project and providing subject matter experts to define business rules in the new system.
- With the creation of the new Utility Department the water and sewer support functions in the Customer and Billing Division will be transitioning to the new department. There will be overlapping responsibilities for non water and sewer billing functions that will report jointly to Finance and the Utility during FY05. Due to the impact on utility customer service of both the call center implementation and the implementation of the utility billing module of the ERP System the Finance Department will be involved in the transition of the water & sewer support functions over the next fiscal year
- Several functional areas are marginally staffed and cannot absorb prolonged employee absences without reductions in the level of service. In addition, the continued reductions in operating accounts will make year end shortages unavoidable.
- The use of the State's Debt Set-Off Program has significantly increased collections on previously inactive delinquent accounts. The program allows the City to file claims against the State tax return for certain delinquent accounts. Direct recoveries from the Debt Set-off program are expected to exceed \$100,000 for FY04. The true effect of the program is much greater due to the high number of payments made after notification and prior to attachment of tax returns.

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### UNFUNDED OR UNDERFUNDED ITEMS

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|  |            |
|--|------------|
| • Bloomberg Market Information Service | \$ 11,000  |
| • Third Party Investment Analyst       | \$ 30,000  |
| • Print Shop Supervisor                | \$ 56,000  |
| • Compliance Division                  | \$ 120,000 |
| • Business License – Revenue Agent     | \$ 43,410  |
| • Travel & Training                    | \$ 20,000  |
| • Purchasing Technician                | \$ 48,000  |

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### COMPLETED INITIATIVES FOR FY 2003-04

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- Reaffirmed AAA bond ratings from Standard & Poor's and Fitch IBCA and Aaa from Moody's.
- Initiated pre-implementation tasks for ERP Project including coordination of RFP process.
- Hired ERP implementation Staff.
- Continued working with departments to reinforce financial controls.
- Provided financial analysis on major economic development projects.
- Documentation of key departmental routine procedures (ERP Pre-implementation).
- Issued first Citizens Financial Report.
- Instituted Sales and Solicitation Median Permit process.
- Issued Refunding Bonds Series 2004 resulting in a present value savings of \$1.8 million.
- Provided training sessions for the payroll leave system, professional services and contracting and purchasing.
- Participated in State "Debt Set-off" program resulting in the recovery of more than \$100,000 in delinquent payments.
- The Finance Department completed two major debt refundings in the past year. The City issued \$19,540,000 General Obligation refunding Bonds, Series 2004 and \$45,490,000 of G.O. Refunding Bonds Series 2003 resulting in a combined \$5,246,584 in present value savings over the remaining life of the bonds. By aggressively pursuing refunding opportunities the City reduces the overall cost of debt financing and reduces future debt service payments.

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### DEPARTMENT INITIATIVES FOR FY 2004-05

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- Implementation of ERP System.
- Adoption of "best practices" as part of ERP Implementation.
- Review and update City financial and Human Resources policies in conjunction with ERP Implementation.
- Maintain City's credit ratings.
- Complete Implementation of GASB 34.

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### GOALS, OBJECTIVES & STRATEGIES FOR FY 2004-05

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**GOAL:** *To strengthen financial accountability throughout the organization.*

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**OBJECTIVE:** To provide timely and accurate reports to the City Manager and the City Council to support decision making and to disclose significant issues effecting the City's current and future financial position.

**STRATEGY:** To provide quarterly and annual financial reports to the City Manager and Council on a timely basis.

| <b>MEASURE:</b>                 | <b>Actual<br/>FY 2003</b> | <b>Estimated<br/>FY 2004</b> | <b>Adopted<br/>FY 2004</b> | <b>Adopted<br/>FY 2005</b> |
|---------------------------------|---------------------------|------------------------------|----------------------------|----------------------------|
| % of reports issued on schedule | 85%                       | 100%                         | 90%                        | 100%                       |

**GOAL:** To make financial information available to decision makers in a timely fashion and to accurately process and record transaction.

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**OBJECTIVE:** To provide timely and accurate financial information by the end of every month.

**STRATEGY:** To close each accounting period according to the established schedule.

| <b>MEASURE:</b>                        | <b>Actual<br/>FY 2003</b> | <b>Estimated<br/>FY 2004</b> | <b>Adopted<br/>FY 2004</b> | <b>Adopted<br/>FY 2005</b> |
|--|---------------------------|------------------------------|----------------------------|----------------------------|
| # of accounting periods closed on time | 12                        | 12                           | 12                         | 12                         |

**OBJECTIVE:** To issue a Comprehensive Annual Financial Report that is in compliance with all statutory and GASB requirements and provides useful discussion and comments concerning the City's financial condition.

**STRATEGY:** To issue a Comprehensive Annual Financial Report that qualifies for the GFOA's Certificate of Excellence in Financial Reporting.

| <b>MEASURE:</b>     | <b>Actual<br/>FY 2003</b> | <b>Adopted<br/>FY 2004</b> | <b>Estimated<br/>FY 2004</b> | <b>Adopted<br/>FY 2005</b> |
|---------------------|---------------------------|----------------------------|------------------------------|----------------------------|
| Certificate awarded | 1                         | 1                          | 1                            | 1                          |

**OBJECTIVE:** To publish a Popular Financial Report for public distribution.

**STRATEGY:** To condense the financial highlights of the CAFR and to publish a report that meets the GFOA standards by November 30<sup>th</sup>.

| <b>MEASURE:</b>                  | <b>Actual<br/>FY 2003</b> | <b>Adopted<br/>FY 2004</b> | <b>Estimated<br/>FY 2004</b> | <b>Adopted<br/>FY 2005</b> |
|----------------------------------|---------------------------|----------------------------|------------------------------|----------------------------|
| Completion of report by due date | Dec 31st                  | Nov 30 <sup>th</sup>       | Nov 30th                     | Nov 30 <sup>th</sup>       |

**GOAL:** To collect delinquent payments

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**OBJECTIVE:** To reduce valid delinquent receivables by 10%.

**STRATEGY:** To utilize the State Debt Set-off program to collect problem accounts.

| <b>MEASURE:</b>              | <b>Actual<br/>FY 2003</b> | <b>Adopted<br/>FY 2004</b> | <b>Estimated<br/>FY 2004</b> | <b>Adopted<br/>FY 2005</b> |
|------------------------------|---------------------------|----------------------------|------------------------------|----------------------------|
| Recoveries from Debt Set-off | N/A                       | \$50,000                   | \$100,000                    | \$50,000                   |

**GOAL:** To purchase needed commodities and services in compliance with all applicable requirements in a timely manner and at the best possible price, and to provide duplication, reproduction and printing services.

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**OBJECTIVE:** To maintain an average purchasing cycle time for routine purchases of 3 days.

**STRATEGY:** To develop a more efficient process for the City's purchasing and payment process.

| <b>MEASURE:</b>                          | <b>Actual<br/>FY 2003</b> | <b>Adopted<br/>FY 2004</b> | <b>Estimated<br/>FY 2004</b> | <b>Adopted<br/>FY 2005</b> |
|--|---------------------------|----------------------------|------------------------------|----------------------------|
| Average cycle time for routine purchases | 3.0                       | 4.0                        | 4.0                          | 3.0                        |

**GOAL:** *To improve the operational and financial results of the Risk Management System.*

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**OBJECTIVE:** To reduce the number of and dollar amount of claims against the City by 10%.

**STRATEGY:** To implement the strategies identified in the October 1998 and May 2001 City Council agenda, which includes a greater emphasis on safety programs throughout the City and provide timely accident information to departments.

| <b>MEASURE:</b>   | <b>Actual<br/>FY 2003</b> | <b>Adopted<br/>FY 2004</b> | <b>Estimated<br/>FY 2004</b> | <b>Adopted<br/>FY 2005</b> |
|-------------------|---------------------------|----------------------------|------------------------------|----------------------------|
| # of claims open  | 333                       | 360                        | 350                          | 340                        |
| \$ of claims open | \$3,357,040               | \$3,470,000                | \$3,500,000                  | \$3,800,000                |

**GOAL:** *To provide cost effective liquidity management to the City.*

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**OBJECTIVE:** To maintain the highest credit ratings.

**STRATEGY:** To present information to the rating agencies that illustrates the City's financial, administrative and economics strengths.

| <b>MEASURE:</b>                                 | <b>Actual<br/>FY 2003</b> | <b>Adopted<br/>FY 2004</b> | <b>Estimated<br/>FY 2004</b> | <b>Adopted<br/>FY 2005</b> |
|---|---------------------------|----------------------------|------------------------------|----------------------------|
| Credit ratings issued by S&P, Fitch and Moody's | AAA/AAA/<br>Aaa           | AAA/AAA/<br>Aaa            | AAA/AAA/<br>Aaa              | AAA/AAA/<br>Aaa            |